

Message Text

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ACTION EUR-10

INFO OCT-01 NEA-06 ISO-00 ACDA-10 MC-02 EB-03 COME-00

AID-05 IGA-01 CIAE-00 PM-03 INR-10 L-02 NSAE-00 PA-01

RSC-01 PRS-01 SP-02 USIA-04 TRSE-00 SAJ-01 DRC-01

EURE-00 /064 W

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P 081652Z OCT 74

FM AMEMBASSY ATHENS

TO SECSTATE WASHDC PRIORITY 5820

INFO SECDEF PRIORITY

AMEMBASSY BEIRUT PRIORITY

USCINCEUR PRIORITY

CSAF WASHDC PRIORITY

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E.O. 11652: N/A

TAGS: MASS, EAIR, EINV, EIND, GR, US

SUBJECT: HELLENIC AEROSPACE INDUSTRY (HAI)

REF: ATHENS 7199

1. LOCKHEED REPS WERE INFORMED OCTOBER 7 THAT GOG PREPARED TO SIGN HAI CONTRACT OCT. 8. UPON ARRIVING AT MINISTRY OF COORDINATION AND PROGRAMMING OCT. 8, LOCKHEED REPS WERE TOLD THAT MEETING OF INTERESTED GOVERNMENT MINISTERS WAS THEN UNDERWAY TO REVIEW SITUATION. PARTICIPANTS AT MEETING INCLUDED FONMIN MAVORS, DEFMIN AVEROFF, FINMIN PEZMAZOGLU, MINCOORD ZOLOTAS, MININDUSTRY PROTOPAPPAS, LT. GEN. PAPANICOLAOU, CHIEF HAF, AND OTHERS.

2. LOCKHEED REPS WAITED TWO HOURS UNTIL MEETING ENDED, AT WHICH TIME SECGEN PSILOS OF MINISTRY OF COORDINATION AND PROGRAMMING INFORMED THEM THAT: (A) GOG REGARDED DRAFT CONTRACT AS DEFICIENT WITH REGARD TO CERTAIN FINANCIAL ASPECTS, PROFIT

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REPATRIATION BEING AMONG THEM; (B) GOG HAD FORMED NEW REVIEW

COMMITTEE UNDER CHAIRMANSHIP OF PSILOS AND COMPOSED OF SECGENS OF MINISTRIES OF FINANCE AND DEFENSE AND TWO HAF OFFICERS;
(C) THIS COMMITTEE TO MEET EVENING OF OCT. 8 TO IDENTIFY PRECISE NATURE OF PROBLEMS PRELIMINARY TO OCT. 9 MEETING WITH LOCKHEED REPS. LOCKHEED REPS, WHO UNDERSTANDABLY DISAPPOINTED AT THIS TURN OF EVENTS, TOLD US THEY WERE PREPARING LETTER TO GOG (PRESUMABLY TO BE HANDED OVER AT MEETING OF OCT. 9) STATING THAT LOCKHEED NOT PREPARED TO MAKE FURTHER COMPROMISES IN FINANCIAL ARRANGEMENTS AND INFORMING GOG THAT LOCKHEED COULD NOT HOLD WESTINGHOUSE, GE, AND PERHAPS OTHERS, TO CONDITIONS PREVIOUSLY AGREED UPON IF GOG INSISTED ON ATTEMPTING TO MAKE MAJOR CHANGES AND THEREBY DELAYING FURTHER SIGNING OF CONTRACT.

3. PSILOS ALSO TOLD LOCKHEED REPS THAT MINISTERIAL GROUP HAD AUTHORIZED MINDEF AVEROFF TO SIGN MAINTENANCE ASSISTANCE CONTRACT WITH LOCKHEED. THIS PRESUMABLY WOULD BE IN LIEU OF HAI AGREEMENT SHOULD IT NOT PROVE POSSIBLE TO ACHIEVE AGREEMENT ON TERMS ACCEPTABLE TO CURRENT GOG. AS WE UNDERSTAND IT, THIS WOULD ENTAIL PROVISION OF TECHNICAL EXPERTISE BUT NOT CONSTRUCTION OF FACILITY.

4. COMMENT: LOCKHEED REPS EXPRESSED SOME APPREHENSION AT DISTINCT POSSIBILITY THAT NEW, CIVILIAN GOG MIGHT BE UNWILLING TO ENTER INTO ARRANGEMENT OF MAGNITUDE OF HAI AT THIS TIME. BOTH CONCERN OVER ECONOMICS OF PROJECT AND RELUCTANCE TO EXPOSE SELVES TO VIRTUALLY INEVITABLE POLITICAL CRITICISM THAT SIGNATURE OF HAI CONTRACT WOULD GIVE LIE TO GREEK WITHDRAWAL FROM NATO AND ANTICIPATED ACTIONS CONCERNING US PRESENCE PROBABLY FACTORS IN GOG ATTITUDE.
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